

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-09 ISO-00 L-02 AGR-05 HEW-02 OES-03 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 MMS-01 A-01

OPR-02 ABF-01 NSC-05 SS-15 STR-04 CEA-01 HUD-01 PER-01

/090 W

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R 161425Z APR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 944

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

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E.O. 11652: N/A

TAGS: USSAEC, EAID, AFSP, SA, US

SUBJECT: NEGOTIATIONS ON ADMINISTRATION OF TCA SUCCESSFUL

REF: A. STATE 58852 B. JIDDA 1987 C. JIDDA 2721

BEGIN SUMMARY: EMBASSY AND TREASURY TEAM HAVE
NEGOTIATED AN \$8.5 MILLION PER YEAR ADMINISTRA-
TIVE REIMBURSABLE AID PACKAGE WITH THE SAUDIS.
MINISTER ABA AL-KHAIL WILL PUT THIS FIGURE IN
THE NEW BUDGET. IN THE INTERIM A 10 MILLION
RIYAL (\$2.88 MILLION) SPECIAL APPROPRIATEION WILL
BE MADE AVAILABLE FOR START-UP EXPENSES.
TEAM HAS SIGNED LETTER OF INTENT ON 14-ROOM VILLA
FOR HEADQUARTERING THE U.S. REPRESENTATION TO THE
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JOINT ECONOMIC COMMISSION (USREP) AND WORKED OUT

A 12-POSITION AMERICAN STAFFING PATTERN. DRAFT MEMORANDUM OF UNDERSTANDING ON METHOD TCA WILL BE ADMINISTERED HAS BEEN SUBMITTED TO THE SAUDIS. EMBASSY HAS REQUESTED TWO CHANGES IN THE DRAFT TO MAKE IT CONFORM TO THE WORK OF OTHER ASSISTANCE GROUPS IN THE COUNTRY AND TO THE STATE-TREASURY AGREEMENT ON THE MANNER IN WHICH USREP WILL OPERATE IN THE KINGDOM. CHECK FOR COVERING COSTS OF WASHINGTON TEAMS ALREADY ORGANIZED AND READY TO TRAVEL WILL BE TRANSMITTED TO THE EMBASSY WITHIN THE NEXT FEW DAYS. TELEGRAPHIC ADVICE WILL BE GIVEN WHEN IT ARRIVES. END SUMMARY

1. FIVE DAYS OF NEGOTIATIONS WITH THE SAUDI COORDINATOR TO THE JOINT ECONOMIC COMMISSION AND TWO MEETINGS WITH THE MINISTER OF STATE FOR FINANCE BY THE JOINT TREASURY/EMBASSY TEAM HAS ENDED IN FULL AGREEMENT BY THE SAG TO ESTABLISH A 12-MAN USREP STAFF IN RIYADH AS SOON AS POSSIBLE. FIRST YEAR FUNDING LEVELS FOR ADMINISTRATIVE COSTS OF THE HEADQUARTERS TEAM HAS BEEN SET AT \$3.5 MILLION, AND COSTS OF EXPERTS AND OPERATIONS FOR REIMBURSABLE ASSISTANCE UNDER THE TECHNICAL COOPERATION AGREEMENT, AT \$5 MILLION. MINISTER AGREED TO PLACE THESE TWO FIGURES IN THE BUDGET BEING PREPARED FOR ISSUANCE IN JULY; A 10 MILLION RIYAL (\$2.88 MILLION) SPECIAL APPROPRIATION WOULD BE MADE AVAILABLE TO DEPOSIT IN THE TRUST FUND. IN ADDITION, WITH SOME RELUCTANCE ("I KNOW THAT YOUR OWN BUDGET PROCEDURES WOULD NOT OPERATE SO FAST," HE SAID), MINISTER ABA AL-KHAIL AGREED TO TRANSMIT A CHECK FOR THE TEAMS ALREADY RECRUITED (\$86 THOUSAND). WILL ADVISE WHEN CHECK IS RECEIVED BY EMBASSY.

2. TEAM MET WITH EDUCATION AND LABOR MINISTRIES OFFICIALS AND FOUND BOTH PREPARED FOR U.S. INITIATIVES IN THESE FIELDS. SEPTTEL FOLLOWS ON LATTER. AGRICULTURE TEAM ALREADY HERE WILL BE RETURNING LATER THIS WEEK WITH A FIRM UNDERLIMITED OFFICIAL USE

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STANDING ON ASSISTANCE IN THIS AREA.

3. VICE PRESIDENT FAYEZ BADER OF CENTRAL PLANNING SUGGESTED THAT THE COMMISSION MIGHT BE USED TO RECRUIT A CONSORTIA FOR ACTUAL CONSTRUCTION OF THE JUBAYL INDUSTRIAL COMPLEX. LATER DISCUSSIONS OF THIS IDEA WITH BECHTEL, WHO IS FINISHING ELEVEN-VOLUME STUDY ON THE JUBAYL PROJECT,

INDICATED THAT THIS MIGHT BE POSSIBLE AS A MEANS OF SPEEDING A START ON CONSTRUCTION OF THE FIRST PHASE SUPPORT FACILITIES, BUT RECRUITMENT OF SUCH CONSORTIA (THERE WILL ALMOST CERTAINLY BE MORE THAN ONE) FOR THIS FIVE TO 10 BILLION DOLLAR PROJECT MIGHT BE BEST LEFT IN PRIVATE HANDS. EMBASSY WILL ATTEMPT TO SECURE COPY OF JUBAYL REPORT AS PROMISED. A MEMBER OF THE TEAM ALSO MET WITH PRINCE SAUD ABD AL-MUHSIN OF THE MINISTRY OF HEALTH, WHO CONFIRMED THAT THE EARLIER PLANS TO SEND A SAUDI GROUP TO EUROPT AND THE U.S. TO NEGOTIATE ASSISTANCE FOR THE OVERALL HEALTH PROGRAMS OF THE KINGDOM HAD BEEN POSTPONED AT LEAST UNTIL JUNE. PRINCE SAUD CONTINUED TO EXPRESS INTEREST IN USG INVOLVEMENT IN THE HEALTH FIELD (KING CONTINUES TO PLACE HEALTH AND HOUSING AS TOP PRIORITY PROGRAMS IN THE KINGDOM). (FIVE-YEAR PLAN IS ALMOST COMPLETED AND WILL BE PRESENTED TO COUNCIL OF MINISTERS LATER THIS MONTH AND PROMULGATED--IF NOT PUBLISHED--IMMEDIATELY, ACCORDING TO BADER. BADER HAS PROMISED AN ADVANCE COPY TO THE EMBASSY).

3. TEAM INSPECTED THE 14-ROOM VILLA SUGGESTED FOR POSSIBLE HEADQUARTERS AND SIGNED THE LETTER OF INTENT. TEAM ALSO VISITED POSSIBLE TRANSIENT QUARTERS AND OTHER HOUSING. IT SEEMS POSSIBLE NOW TO HAVE TWO OR THREE OF HEADQUARTERS TEAM IN PLACE BY JUNE 1, AND EMBASSY URGES QUICK ACTION ON RECRUITMENT.

4. DRAFT MEMORANDUM OF UNDERSTANDING ON WORKING PROCEDURES WAS WRITTEN BY TREASURY TEAM DURING LIMITED OFFICIAL USE

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VISIT AND SUBMITTED TO SAUDIS AND TO EMBASSY TEAM FOR COMMENTS. SEPTTEL FOLLOWS. DRAFT WILL BE ACCEPTABLE TO EMBASSY AFTER TWO CHANGES WHICH WILL MAKE IT CONFORM TO WORK OF OTHER AGENCIES IN COUNTRY AND TO WORLDWIDE SYSTEM OF CONTROL OF USG PROGRAMS OF THIS NATURE PER REFTELS.

5. TREASURY TEAM SHOULD BE COMMENDED FOR SPEED AND PRECISION OF EFFORTS IN ESTABLISHING PRIORITIES AND NEGOTIATIONG WITH SAG CONCERNING THE METHODS OF OPERATION AND FUNDING FOR THE IMPLEMENTATION OF THE TCA. IT IS OFF TO A GOOD START. (NEGOTIATIONS ALMOST ENTIRELY WITH DR. SOLAIM.) AKINS

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